

NATIONAL RECOVERY ADMINISTRATION

AMENDMENT TO
CODE OF FAIR COMPETITION
FOR THE
NEEDLEWORK INDUSTRY
IN PUERTO RICO

AS APPROVED ON APRIL 3, 1935



UNITED STATES
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Approved Code No. 474—Amendment No. 2

AMENDMENT TO CODE OF FAIR COMPETITION

FOR THE

NEEDLEWORK INDUSTRY IN PUERTO RICO

As Approved on April 3, 1935

ORDER

APPROVING AMENDMENT OF CODE OF FAIR COMPETITION FOR THE NEEDLEWORK INDUSTRY IN PUERTO RICO

An application having been duly made pursuant to, and in full compliance with, the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of an amendment to the Code of Fair Competition for the Needlework Industry in Puerto Rico, and the Deputy Administrator for Puerto Rico having made and submitted to the National Industrial Recovery Board his report on said amendment, containing his findings with respect thereto, and the annexed report of the National Industrial Recovery Board on said amendment, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, the National Industrial Recovery Board, pursuant to authority vested in it by Executive Orders of the President, including Executive Order No. 6859, Executive Order No. 6543-A and otherwise; does hereby incorporate by reference said report of the Deputy Administrator for Puerto Rico and the annexed report of the National Industrial Recovery Board, and does hereby expressly concur in and adopt the findings of fact made therein, and does find that the said amendment and the Code as constituted after being amended comply in all respects with the pertinent provisions and will promote the policy and purposes of Title I of the National Industrial Recovery Act; and does hereby order that said amendment to the Code of Fair Competition for the Needlework Industry in Puerto Rico be, and it is hereby, approved and that the previous approval of said Code is hereby modified to include an approval of said Code in its entirety as amended, subject to the following condition:

That this Order and Amendment shall become effective twenty (20) days from the date hereof unless good cause to the contrary is shown to the National Industrial Recovery Board before that time and the National Industrial Recovery Board issues a subsequent order staying or modifying this Order of Approval.

NATIONAL INDUSTRIAL RECOVERY BOARD,
By W. A. HARRIMAN, *Administrative Officer*.

Approval recommended:

PRENTISS L. COONLEY,
Division Administrator.

WASHINGTON, D. C.,
April 3, 1935.

REPORT TO THE NATIONAL INDUSTRIAL RECOVERY BOARD

NATIONAL INDUSTRIAL RECOVERY BOARD,
National Recovery Administration,
Washington, D. C.

GENTLEMEN: This is a report on the proposed Amendment to Article II, Section 1, of the Code of Fair Competition for the Needlework Industry in Puerto Rico, which section defines the Industry embraced by the Code. At the time the Code was originally proposed, it was the intention of its proponents that all articles of needlework produced or processed in Puerto Rico should be included under the Code. The present definition contained in this Section reads as follows:

"The term 'Industry' as used herein includes the manufacturing and/or processing, including sewing, wholly or part, within the Territory of Puerto Rico, of articles having drawn work and/or embroidery done upon them by machine and/or by hand, including the business of contracting with reference thereto."

This definition fails to include needlework done on any articles which did not have on them drawn work and/or embroidery. There is a considerable quantity of needlework in Puerto Rico consisting of the manufacturing and/or processing of hand-made hems on piece goods, to convert such articles into handkerchiefs. In order to carry out the original desire of the Industry to embrace all needlework produced in Puerto Rico in this Code, it is proposed that this Section be amended to read as follows:

"The term 'Industry' as used herein includes the manufacturing and processing, including sewing, wholly or in part, within the Territory of Puerto Rico, of articles having drawn work and/or embroidery done upon them by machine and/or by hand and/or the manufacturing and/or processing of hand-made hems on piece goods to convert such piece goods into handkerchiefs and/or decorative articles for the home, such as (but without limitation) luncheon sets, pillow cases, bedspreads, towels, including the business of contracting with reference thereto."

This change in the definition will enable that section of the Industry which is engaged in manufacturing and/or processing articles that do not have drawn work and/or embroidery thereon to receive the benefits already bestowed upon the remainder of the Industry as a result of the Code.

Article VII, Section 8 (f), authorizes the Code Authority to propose amendments to the Code. Pursuant to the said Section, the Code Authority proposed this Amendment.

The Code was originally sponsored by the Puerto Rico Needlework Association. This association represented in excess of ninety per cent. of the volume of the business and of the membership of the

Puerto Rico Needlework Industry. Therefore, I find that it was truly representative of said Industry.

The By-Laws of the Association allowed all members of the Industry to join its membership, and I find that it imposed no inequitable restriction on membership.

There are about seven thousand factory workers, and approximately seventy thousand home-workers engaged in the Needlework Industry in Puerto Rico, a considerable number of whom are not included under the present definition of the Industry, but will be embraced by the proposed Amendment. The standards of labor in this Industry prior to the approval of the Code were very low. In the factories the average working week was approximately forty-eight hours. The home-workers were engaged in the needlework occupation from sixty to seventy hours a week. Article III, Section 1, prohibits the working of employees in excess of forty hours in any one week, or eight hours in any day, with the exception that employees may be permitted to work seventy-two hours overtime in any calendar year, provided twice the normal wage rate is paid for such overtime. The approval of the Amendment and the Code as amended will thus result in a substantial increase in the number of people employed in the Industry, and I so find.

The wages paid in this Industry have always been exceptionally low. Prior to the Code, factory machine-workers were paid an average of \$3.32 per week of forty-eight hours, with many receiving even less. Under the Code they receive a minimum of \$5.00 for a forty hour week. Factory hand-sewing and hand-embroidery workers averaging from \$2.00 to \$2.10 per week prior to the Code now receive a minimum of \$3.00 per week under the Code. Before the Code was approved three home-workers would work on the same product in one home, and the aggregate earnings per week of the three would be about \$1.00. The piece-rates established under the Code by the Piece Rates Commission result in a very marked increase to these home-workers. The increase in wages and employees resulting from the approval of the Amendment and the Code as amended, will effect a considerable addition to the mass purchasing power of the Island. When this increase is added to that which will be effected by the approval of codes for other industries in the Island, there will result a marked increase in the amount of goods consumed in Puerto Rico, which goods will be imported principally from the Mainland; consequently, one of the principal obstructions which diminished the amount of commerce between Puerto Rico and the mainland and, indirectly, among the various States will be removed, and I so find.

The increase in wages will remove a part of the burden from labor, which has been carrying more than its share, but will not add an unreasonable expense to the employer's cost, and I so find.

Further improvements will be brought about in the standards of labor by the Code provision eliminating child labor. This abuse was especially prevalent in Puerto Rico, and its elimination will be one of the biggest accomplishments of the Code. No person under sixteen years of age is allowed to be employed in the Industry under the Code. Labor standards are likewise raised by the requirement that employers should provide for the safety and health of em-

ployees, and that standards of safety and health should be submitted by the Code Authority. Likewise, the prohibiting of stamping, cutting, washing, pressing, folding, ribboning, and ticketing in the home of employees is another most exemplary improvement in the standards of labor.

The Executive Order approving the Code provides for a Needlework Commission to study and to make recommendations concerning the question of competition between the Needlework Industry on the mainland and in Puerto Rico. The purpose of the appointment of this Commission was to effect a better mutual understanding of their problems between the members of the related mainland industries and the Puerto Rico Industry. Likewise, the activities of the Code Authority and the cooperative action in the Trade Association sponsoring the Code tend to promote the organization of the Industry for the purpose of cooperative action among trade groups, and I so find.

The provisions of Article IX as to price filing tend to prevent the destructive price cutting which formerly existed in the Industry, with the resulting inability to pay living wages. These provisions contain sufficient safeguards to protect the small employers and consumers from improper price fixing, and I so find.

There are no provisions in the Code which would tend to promote monopolies or to eliminate or oppress small enterprises or that discriminate against them, or that will permit monopolies or monopolistic practices.

The increased purchasing power resulting from the approval of the Code will create additional demand for goods and commodities of all sorts and kinds. In order to meet these demands, the productive capacity of industries will be promoted and utilized. This increase in production will have the effect of beneficially encouraging interstate commerce, both in the movement of raw material used in the process of production and in the production of finished goods and commodities. Thus, the Amendment and the Code as amended tend to promote the fullest possible utilization of the present productive capacity of Industry, and I so find.

There exists at the present time an undue restriction of production due to the absence of demand for goods produced, which in turn is caused by the depressed purchasing power. The increased purchasing power effected by the approval of the Amendment and the Code as amended will tend to avoid this undue restriction of production, and I so find.

In addition to the findings above set forth and for the reasons adduced above, I hereby find that:

(a) The amendment and the Code as amended comply in all respects with the pertinent provisions of Title I of the Act, including without limitation, Sub-Section (a) of Section 3, Sub-section (a) of Section 7, and Sub-Section (b) of Section 10 thereof;

(b) The Association sponsoring the Code imposed no inequitable restriction or admission to membership therein;

(c) The group sponsoring the Code was truly representative of the Industry;

(d) The Amendment and the Code as amended are not designed to promote monopoly or to eliminate or oppress small enterprises

and will not operate to discriminate against them and will not permit monopolies or monopolistic practices;

(e) The Amendment and the Code as amended will tend to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof;

(f) The Amendment and the Code as amended will promote the organization of Industry for the purpose of cooperative action among trade groups;

(g) The Amendment and the Code as amended will induce and maintain united action of labor and management under adequate governmental sanctions and supervision;

(h) The Amendment and the Code as amended will tend to eliminate unfair competitive practices;

(i) The Amendment and the Code as amended will tend to promote the fullest possible utilization of the present productive capacity of Industries;

(j) The Amendment and the Code as amended will tend to avoid undue restriction of production;

(k) The Amendment and the Code as amended will tend to increase the consumption of industrial and agricultural products by increasing purchasing power;

(l) The Amendment and the Code as amended will tend to reduce and relieve unemployment;

(m) The Amendment and the Code as amended will tend to improve the standards of labor;

(n) The Amendment and the Code as amended will tend otherwise to rehabilitate Industry;

(e) Those engaged in other steps of the economic process were not denied the right to be heard prior to the approval of this Amendment and Code as amended.

It is recommended, therefore, that this Amendment and Code as Amended be approved as submitted.

Respectfully,

BOAZ LONG,
Deputy Administrator.

MARCH 30, 1935.

AMENDMENT TO CODE OF FAIR COMPETITION FOR THE NEEDLEWORK INDUSTRY IN PUERTO RICO


Amend Article II, Section 1 to read as follows:

1. The term "Industry" as used herein includes the manufacturing and processing, including sewing, wholly or in part, within the Territory of Puerto Rico, of articles having drawn work and/or embroidery done upon them by machine and/or by hand and/or the manufacturing and/or processing of hand-made items on piece goods to convert such piece goods into handkerchiefs and/or decorative articles for the home, such as (but without limitation) luncheon sets, pillow cases, bedspreads, towels, including the business of contracting with reference thereto.

Approved Code No. 474—Amendment No. 2.
Registry No. 231-16.

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